

Message Text

CONFIDENTIAL

PAGE 01 STATE 249871

60

ORIGIN NEA-10

INFO OCT-01 ISO-00 AID-05 SWF-01 IO-10 EB-04 IGA-01 AGR-05

COME-00 OMB-01 SS-15 NSC-05 CIAE-00 INR-05 NSAE-00

RSC-01 L-02 TRSE-00 H-01 SP-02 /069 R

DRAFTED BY NEA/PAB:DLBLAKEMORE:MRC

APPROVED BY NEA:ALATHERON

AID/ASIA/SA:HREES

NEA/PAB:PDCONSTABLE

NEA:LBLAINGEN

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P 130204Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY DACCA PRIORITY

C O N F I D E N T I A L STATE 249871

E.O. 11652:GDS

TAGS: EAID, BG

SUBJ: ECONOMIC ASSISTANCE MATTERS RAISED WITH SECRETARY

BY KAMAL HOSSAIN

REF: STATE 246217

FOR AMBASSADOR FROM ATHERTON

1. AS YOU WILL RECALL, FOREIGN MINISTER HOSSAIN RAISED A NUMBER OF ECONOMIC ASSISTANCE AND PL 480 ISSUES WITH THE SECRETARY DURING THEIR OCTOBER 30 TALKS IN DACCA. WE REVIEW BELOW WHERE WE ARE ON EACH OF THESE REQUESTS, SOME OF WHICH INFORMATION IS ALREADY AVAILABLE TO THE MISSION IN ONGOING CABLE EXCHANGES. YOU SHOULD REVIEW THESE WITH THE FOREIGN MINISTER WITHIN THE CONTEXT OF THE SECRETARY'S GENERAL ASSURANCE TO BOTH HOSSAIN AND MUJIB OF OUR DESIRE TO BE OF CONTINUING ASSISTANCE TO BANGLADESH, SUBJECT TO LIMITATIONS ON OVERALL AID AND FOOD AVAILABILITIES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 249871

2. ADDITION P.L. 480 - AS THE SECRETARY TOLD MUJIB, BANGLADESH WILL CONTINUE TO HAVE HIGH PRIORITY IN FOOD ALLOCATIONS BEYOND THE APPROXIMATELY 250,000 TONS PROVIDED FOR BY THE AGREEMENT OF OCTOBER 4, AS AMENDED ON NOVEMBER 8. IT IS STILL, HOWEVER, NOT POSSIBLE TO CITE A

SPECIFIC ADDITIONAL AMOUNT AND THIS WILL NOT BE POSSIBLE UNTIL LATER IN THIS QUARTER AT THE EARLIEST, FOLLOWING AN OVERALL REVIEW IN THE AFTERMATH OF THE ROME FOOD CONFERENCE. IN THE INTERIM, SHIPMENTS ARE BEING EXPEDITED AS INDICATED REFTEL.

3. PRESENT P.L. 480 PROGRAMMING CALLS FOR NO VEGETABLE OIL FOR ANY RECIPIENT UNDER TITLE I IN FISCAL 75, AND THE OUTLOOK FOR P.L. 480 COTTON IS ALMOST EQUALLY BLEAK. WHILE COTTON IS NOT IN SHORT SUPPLY, AS A MATTER OF POLICY FOOD GRAIN PROGRAMS ARE BEING GIVEN PRIORITY CLAIM TO LIMITED AVAILABLE FUNDS.

4. ADDITIONAL DL MONEY - THE FOREIGN MINISTER MADE WHAT APPEARED TO BE A PLEA, IN A DISCUSSION OF THEIR URGENT NEED FOR FERTILIZER IMPORTS, FOR INCREASED DL FUNDS OF UP TO DOLS 50 MILLION. AS YOU KNOW WE HAVE SUPPLIED DOLS 25 MILLION UNDER THE FIRST AGRICULTURAL INPUTS LOAN DRAWING ON FY '74 DL FUNDS, MOST OF WHICH WILL GO FOR FERTILIZER. IN ADDITION, IN VIEW OF THE URGENT INCREMENTAL FERTILIZER NEED CAUSED BY THE GHORASAL EXPLOSION, ADMINISTRATIVE STEPS ARE BEING TAKEN TO MAKE THE DOLS 30 MILLION UNDER THE SECOND AGRICULTURAL INPUTS LOAN (FY 75) AVAILABLE ASAP RATHER THAN IN THE SPRING AS ORIGINALLY PLANNED. SINCE THE GLOBAL DL PROGRAM IS BEING CUT BACK, IT IS NOT POSSIBLE TO CONSIDER INCREASES IN DL LEVELS FOR BANGLADESH AT THIS TIME, ALTHOUGH WE WILL KEEP BANGLADESH REQUIREMENTS UNDER CONTINUING REVIEW.

5. REMAINING FY 74 EDIBLE OIL ALLOCATION - GIVEN THE OVERALL NON-AVAILABILITY OF VEGOIL UNDER P.L. 480, THERE IS LITTLE POSSIBILITY THAT THE REMAINING 13,000 TONS OF VEGETABLE OIL FROM THE FISCAL 74 P.L. 480 PROGRAM CAN BE PROVIDED (SEE PARA 3 ABOVE).

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 249871

6. CUT-OFF DATE FOR UNDISBURSED R&R GRANT FUNDS - FUNDS UNDER THE GRANT WERE APPROPRIATED BY THE CONGRESS AND OBLIGATED IN FY 1972 AND 1973 FOR EMERGENCY RELIEF AND REHABILITATION. IF ALL SUCH FUNDS ARE NOT USED BY JUNE 30, 1975, WHICH IS AT LEAST TWO YEARS AFTER THEY WERE MADE AVAILABLE, THE CREDIBILITY OF EMERGENCY NEED WILL BE SERIOUSLY UNDERCUT. THERE HAS, AS YOU KNOW, BEEN

CONSIDERABLE CONGRESSIONAL CONCERN THAT THIS MONEY WAS NOT DISBURSED RAPIDLY FOR RELIEF AND REHABILITATION FOLLOWING SIGNATURE OF THE RELEVANT AGREEMENTS. AS A PRACTICAL MATTER, THEREFORE, IN THE CASE OF CERTAIN SUB-PROJECTS, A COMMITMENT CUT-OFF DATE OF DECEMBER 31, 1974 HAS BEEN SET TO EXPEDITE UTILIZATION AND TO ALLOW SUFFICIENT TIME FOR PROCUREMENT AND DELIVERY PRIOR TO

JUNE 30, 1975. THIS APPEARS TO HAVE BEEN WHAT PROMPTED THE FOREIGN MINISTER'S CONCERN ABOUT AN AUTOMATIC DECEMBER 31 CUT-OFF DATE. YOU SHOULD TELL HIM THAT WE HAVE NO INTENTION OR DESIRE TO BE RIGID ABOUT THIS MATTER BUT THAT WE ASSUME BOTH WE AND THE BDG SHARE AN INTEREST IN EXPEDITING DISBURSEMENT OF THESE FUNDS AND THEIR EFFECTIVE UTILIZATION. WE WILL CONTINUE TO ADMINISTER THE COMMITMENT CUT-OFF DATE OF DECEMBER 31 WITH FLEXIBILITY, SUBJECT HOWEVER TO THE NEED TO ACCOMPLISH FULL UTILIZATION OF THE R&R FUNDS BY JUNE 30, 1975.

7. REPLACEMENT OF DOLS 4 MILLION IN R&R FUNDS PROGRAMMED FOR FLOOD RELIEF - YOU COULD TELL HOSSAIN THAT WE ARE MEETING THIS REQUEST. CONGRESS RECENTLY PASSED AND THE PRESIDENT HAS SIGNED A SUPPLEMENTAL APPROPRIATION WHICH PROVIDES UP TO DOLS 4.1 MILLION FOR DISASTER RELIEF FOR BANGLADESH. WE WOULD PREFER TO MAKE THESE FUNDS AVAILABLE FIRST FOR ACTIONS NOW NEEDED TO ADDRESS HUMAN SUFFERING (SUCH AS TEST RELIEF - SEE SEPTTEL) AND SECOND, TO THE EXTENT A BALANCE REMAINS, TO REPAY THE R&R FUND FOR AMOUNTS REPROGRAMMED FOR FLOOD RELIEF. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, PL 480, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE249871
Document Source: CORE
Document Unique ID: 00
Drafter: DLBLAKEMORE:MRC
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740326-0462
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741146/aaaabnfh.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 246217
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 23 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 MAY 2002 by ifshinsr>; APPROVED <17 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC ASSISTANCE MATTERS RAISED WITH SECRETARY BY KAMAL HOSSAIN
TAGS: EAID, BG, US, (HOSSAIN, KAMAL)
To: DACCA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005